

Rep30

From: Rep30
Sent: Friday, April 26, 2019 1:51 PM
To: Vitale, Nino; Stein, Dick; Callender, Jamie; Rep91; McAuliffe, Matthew; Tully, Pat
Subject: FW: Opponents Rip Priority House Energy Bill
Attachments: Re: HB 6

See below and attached for a very constructive suggestion for an amendment to HB 6. My experts are able to define a formula to prorate the clean energy credits based on the generation source's contribution to firm capacity in the wholesale electric market. That formula is attached.

Sincerely,

William J. Seitz

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Ohio House of Representatives
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Columbus, Ohio 43215
(614) 466-8258

From: Dan Kish <dkish@ierdc.org>
Sent: Wednesday, April 24, 2019 8:48 AM
To: Tom Stacy <tfstacy@gmail.com>
Cc: Rep30 <Rep30@ohiohouse.gov>; George Taylor <gtaylor@palmettoenergy.org>
Subject: Re: Opponents Rip Priority House Energy Bill

Ohio should take advantage of the fact the Michigan is rapidly transforming its system which will drive up their rates and make Ohio more attractive to Michigan businesses. This mess has been bipartisan in Michigan. Consumers and to a lesser extent DTE have been behind it.

On Wed, Apr 24, 2019 at 7:56 AM Tom Stacy <tfstacy@gmail.com> wrote:

What a mess! The problem isn't energy the problem is firm capacity. Murray is absolutely correct. By subsidizing renewables, you will starve all other capacity resources for revenue. This is similar to what Bowring has said all along. I hope the wind person is correct that they will not see any dollars from this. What we want from saving nuclear is its firm capacity contribution to the system. Wind and solar offer almost to none of that. You have to either prorate these proposed energy payments based on capacity contribution or simply change the incentive to reward the retention of firm capacity resources and a balance of fuels among them including coal. To that extent I agree with Froehle. But you have to know that AEP loves renewables because they are redundant infrastructure with high profit potential under today's wholesale market and regulated utility rules. This is counter to ratepayer interests.

Tom

Sent from my iPhone

Begin forwarded message:

From: "julia f johnson" <juliejohnson@ctcn.net>
Date: April 23, 2019 at 7:18:56 PM EDT
To: "julie johnson" <juliejohnson@ctcn.net>, "Tom Stacy" <tfstacy@gmail.com>, "Kevon Martis" <kevon@kevonmartis.com>
Subject: Opponents Rip Priority House Energy Bill

Tuesday, April 23, 2019

Opponents Rip Priority House Energy Bill

A fast-tracked House bill to support carbon-free generation won't deliver the benefits to customers that proponents claim, opponents argued before a subcommittee Tuesday.

More than 30 opponents testified or submitted written testimony to the House Energy Generation Subcommittee during a third hearing on the priority legislation (HB6) to create the "Ohio Clean Air Program."

The legislation, which Speaker Larry Householder (R-Glenford) wants passed in short order, would provide \$9.25 per megawatt hour credits to nuclear and renewable generation, although renewable supporters told the panel they remain skeptical.

The subcommittee will meet again at 10 a.m. Wednesday for additional testimony. Co-Chairman Rep. Dick Stein (R-Norwalk) said committee meetings will continue into next week, at which point he expects a substitute bill to be considered.

"At this point we certainly want to have a conversation about how to make this bill better," Rep. Stein said.

The daylong hearing came nearly a week after the subcommittee received hours of testimony from FirstEnergy Solutions and its allies who argued the proposal would maintain critical nuclear resources while saving customer dollars.

But much of the opponent criticism centered on provisions that would render the renewable energy and energy efficiency standards voluntary. Opponents argued that when it comes to state efforts to save the FES nuclear plants from closure, the cost-benefit analysis doesn't add up.

"This is a shell game, in which cost-effective generation support for renewables is lumped together with unrelated efficiency and peak demand reduction programs and the cost of all three programs is added up," said Andrew Gohn, eastern region director for the American Wind Energy Association. "In reality the (standard), at \$0.10 to \$0.70 per month, is far more effective at spurring clean energy generation than the much higher \$2.50 per month (proposed) for existing nuclear plants."

Mr. Gohn told Rep. Stein the \$9.25 figure may not be the most efficient use to ratepayer funds since renewable energy credits averaging \$4.71 are currently meeting industry needs.

But Rep. Jon Cross (R-Kenton), who has been vocal in support of the bill, was perplexed that the association is opposing a measure that proponents argue would benefit renewables. "It seems like you could get a good chunk of dollars through this clean energy program you're opposing," he said.

Replied Mr. Gohn: "I would not be here today in opposition of this bill if our members had confidence they are going to have access to these funds."

Rep. Cross questioned what changes could be made to boost that confidence. Support would materialize, Mr. Gohn said, if lawmakers backed off their efforts to repeal the energy standards.

"By cancelling out a program we know works, I think the overriding concern is we would really slow development and have adverse impacts for Ohioans," Mr. Gohn said.

However, Industrial Energy Users-Ohio Executive Director Kevin Murray, in interested party testimony, said the standards "did not make sense back in 2008 and they make even less sense now."

The group questioned why the proposed credits should be extended to renewable energy sources but he said it would not oppose that language since eliminating it would give ammunition to opponents to argue the state does not support renewables.

"Directionally, this would appear to contribute to the conditions that are creating financial challenges to the two nuclear units," Mr. Murray said.

He suggested the legislation be amended to include a sunset date and that if renewables continue to qualify for the credit the program also be extended to behind the meter generation facilities. Among other suggested changes from Mr. Murray is clarification that a proposed decoupling mechanism for base distribution rates can't be used to circumvent a 2018 Public Utilities Commission of Ohio rate decision and clearer definitions for customer classifications.

AEP Vice President of External Affairs Tom Froehle said in interested party testimony the measure is "very well intentioned." But he said if the standards are going to be eliminated, they should be replaced with opportunities for utilities to develop new renewable resources.

"In addition, certain utilities like AEP have entered into long term contracts to meet the current RPS mandate and the legislation needs to grandfather those programs and not harm the utility as a result of this legislation change," Mr. Froehle said. "There is also concern with a rapid elimination of energy efficiency programs that the customers currently prefer and have enjoyed for multiple years – those large customers who undertake their own EE programs can already opt out of the utility charges."

Among Tuesday's witnesses was one proponent: Cathy Bergman, Ohio Education Association president representative for the Benton-Carroll-Salem Local School District.

"Allowing these plants to close prematurely would deplete a significant source of revenue for Benton-Carroll-Salem Local School District and others in the state," Ms. Bergman said. "This is particularly damaging when so many of our school localities are already struggling with budget shortfalls and funding gaps."

But the feedback during the day's lengthy committee hearing was mostly negative, with dozens of opponents arguing the plan presents a "bailout" that will benefit FirstEnergy Solutions' nuclear plants at customers' expense.

"This taxpayer-funded bailout of failing nuclear power plants will do nothing but subsidize bankrupt corporations while manipulating the market to the disadvantage of all Ohioans," said Todd Snitchler, vice president of market development for API Ohio.

"The disgracefully named 'Ohio Clean Air Program' would actually negatively impact zero emission generation sources other than First Energy nuclear plants, and shows Ohioans just what this bill is all about – having Ohio consumers support uneconomic nuclear power plants with \$170 million going to nuclear plants and a total cost of \$300 million annually," he added.

Rep. Cross, as he had during prior hearings, pushed back on the term "bailout," noting repeatedly that the legislation does not include the term "nuclear" or any reference to FES.

"Where in the bill does it say we're going to bail out anybody?" Rep. Cross asked. He also questioned whether opponents were "putting the cart before the horse" in testifying when the outcome of FES' ongoing bankruptcy proceeding has yet to be determined.

Mr. Snitchler called it a good question, responding: "Why is the committee acting if we're not sure what the outcome of bankruptcy is?"

Regarding Rep. Cross's assertions that the word "nuclear" appears nowhere in the bill, Mr. Snitchler said, "Nuclear is clearly the intended beneficiary of some of the amounts in this bill."

Renewable developers argued the legislation would reduce business certainty, depriving projects of needed investments and sending a signal the state is closed for business when it comes to renewable projects.

Mike Volpe, vice president of Open Road Renewables, told Rep. Brett Hillyer (R-Uhrichsville) the standards are the number one driver of new investment in renewables in the state. He argued the bill "would gut an effective, least-cost means to support new zero-carbon renewable additions and would replace it with a funding mechanism fraught with challenges."

Erin Bowser, director of project management for EDP Renewables, said the bill "creates an unnecessary barrier to invest in Ohio." But Rep. Cross questioned why the prospect of the \$9.25 credit wouldn't incentivize those projects.

"Reading House Bill 6 it's unclear that new renewable energy generation would qualify (for the credits)," Ms. Bowser replied.

Environmental groups, including the National Wildlife Federation, the Nature Conservancy and the Sierra Club each argued the legislation would discard standards proven to generate more clean energy in favor of a new system that appears to disproportionately benefit one company.

"This bill gets one thing right: it acknowledges that Ohio needs carbon-free energy sources, and that emissions-free resources are something we should be striving to encourage," said Trish Demeter, chief of staff for the Ohio Environmental Council Action Fund. "But this intent is not matched by what the bill proposes to do, and as such, the redeeming qualities of the bill stop there."

John Finnigan, speaking for the Environmental Defense Fund, called HB6 a "brazen boondoggle." He pushed back on Rep. Cross's comments during a prior hearing in which the lawmaker called HB6 an "infrastructure bill" akin to the transportation budget's gas tax increase or the proposed H2Ohio water quality fund.

"Those measures will raise revenue for new improvements," Mr. Finnigan said. "On the other hand, HB6 is written in a way where it will raise revenue that will largely go to old coal and old nuclear plants for past spending."

Rep. Cross, in turn, called Mr. Finnigan's testimony a "waste of my time."

"The bill is an infrastructure bill," Rep. Cross said. "You all do this, 'Give me, give me, give me, but not for them.'... I'm here for solutions. We're here to make business decisions. Your testimony didn't help me at all."

"I'm sorry but I flat out disagree with you," Mr. Finnigan replied. "The analogy I gave in my testimony is a good one."

Several opponents also continued pressing for lawmakers to return the wind turbine setback requirement to pre-2014 levels – a prospect Speaker Householder has said he wants to consider through standalone legislation.

Tuesday's meeting was the panel's first since the speaker expanded the subcommittee from five to eight members, adding two more Republicans and another Democrat. Gov. Mike DeWine, meanwhile, this week signaled his support for nuclear energy, although he did not speak to HB6 specifically.

"You cannot dramatically reduce carbon or keep those numbers down without using nuclear," Gov. DeWine said at an Earth Day event. "I'm all for wind and solar. Those are going to continue to move forward, I believe, but you cannot hit the number without using nuclear. So nuclear is an important part of this."